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17 January 1980

MEMORANDUM

SUBJECT: INDIA: US Nuclear Fuel to Tarapur

1. A decision in the near future to provide enriched uranium for the American-built reactors at Tarapur would not moderate India's adverse reaction to the resumed supply of US arms to Pakistan and might provide India with a means to question our overall non-proliferation objectives. []

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2. Prime Minister Gandhi would probably interpret any quick authorization to proceed with two delayed uranium shipments as an attempt by the US to assuage Indian sensitivities over the resumption of arms deliveries to Pakistan. Release of these shipments would simply be viewed as a sop and an insult. Moreover, it would be argued that the US action is simply the fulfillment of a binding contractual obligation, valid--as far as India is concerned--until 1993. In short, New Delhi would not be mollified by a decision in Washington to make what would appear to be an exception to established non-proliferation policy regarding India. []

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3. Further, and perhaps more importantly, Indian spokesmen and editorial writers might point to the "inconsistency" of American nuclear policy. Attention would be directed toward the "selective implementation" of US non-proliferation objectives. In the aftermath of resumed fuel shipments, the Indians are likely to begin to wonder aloud whether the shift in US nuclear policy toward India might not presage an even more generous relaxation of US non-proliferation policy vis-a-vis its ally Pakistan. []

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4. We thus appear to be in a "no win" situation. The US will be roundly denounced if it fails to live up to the terms of its fuel supply agreement with India. If we release the fuel at this juncture, however, we will be suspected of having ulterior motives and will be castigated for lifting our embargo of military supplies to Pakistan which has already demonstrated its determination to achieve a nuclear capability. Resumption of Tarapur fuel shipments should, perhaps, not be pegged--or

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appear to be related--to developments in Afghanistan. Rather any modification or adjustment to our policy now under consideration should gradually evolve once we reopen negotiations on the fuel supply/safeguards issue with the new Indian regime.



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